

## DEPARTMENT OF HEALTH SERVICES

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SACRAMENTO, CA 95814  
(916) 445-1912



May 4, 1982

To: All County Welfare Directors

Letter No. 82-25

EDWARDS v. MYERS PRELIMINARY INJUNCTION

This is written confirmation of verbal instructions you received on April 28, 1982 regarding county actions necessary to comply with the preliminary injunction issued in the Edwards v. Myers lawsuit. This letter also responds to specific county questions pertaining to implementation of the court order.

The preliminary injunction requires the Department of Health Services/counties to:

1. Grant four month continuing eligibility to all families discontinued from Aid to Families with Dependent Children (AFDC) due solely to the disallowance of the \$30 and one-third income disregard.
2. Continue no share-of-cost Medi-Cal benefits to all other individuals who will be discontinued from AFDC effective April 30, 1982. No share-of-cost benefits must continue until the family's eligibility or ineligibility for Medi-Cal only has been determined and an appropriate Notice of Action can be issued terminating the continued no share-of-cost benefits. If the Medi-Cal-only eligibility determination adversely affects the family (i.e., found ineligible for Medi-Cal only or a share of cost is determined), a timely as well as adequate notice must be issued. If the Medi-Cal-only determination does not adversely affect the family, the Notice of Action need only be adequate.

Persons Discontinued from AFDC Effective March 31, 1982 Due to the Disallowance of the \$30 and One-Third Income Disregard

As a result of the Temporary Restraining Order issued on March 24, 1982, April Medi-Cal cards were issued to all family members who were discontinued from AFDC effective March 31, 1982 due solely to the termination of the \$30 and one-third income disregard. The Department of Health Services will issue May Medi-Cal cards to this same group along with a stuffer notice which will relay the following message:

"Due to a preliminary injunction issued in the Edwards v. Myers lawsuit, you are eligible for no share-of-cost Medi-Cal coverage for four consecutive months beginning with the month following your termination from AFDC.

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"This four-month coverage will continue as long as a family member remains employed and you continue to meet all other conditions of eligibility. Also, as your eligibility for Medi-Cal under this category is the result of a preliminary injunction, further court action may result in termination of your four-month Medi-Cal coverage."

A supply of stuffer notices will be mailed to those counties authorized by the Department of Health Services to county-issue Medi-Cal cards. If you have any questions concerning Medi-Cal card issuance or stuffer notices, you may contact Michael Summers at (916) 445-1797.

Through the usual process, counties will be responsible for issuing the June and July Medi-Cal cards for this group. Counties will also be required to make a determination of eligibility for Medi-Cal only for this group prior to terminating the four month continuing coverage pursuant to procedures described below under Continuing Medi-Cal Eligibility.

Other Persons Discontinued from AFDC Beginning April 30, 1982 Due Solely to the Disallowance of the \$30 and One-Third Income Disregard

The preliminary injunction extends four month continuing coverage to all AFDC families affected by the change in the \$30 and one-third income disregard allowance. You were verbally instructed to immediately identify those cases being discontinued from AFDC effective April 30 due to the \$30 and one-third and to take whatever steps are necessary to transfer these cases to the four month continuing category (Aid Code 39). All intraprogram transfers are to be completed no later than May 10, 1982. The Notice of Action to be sent to these families must contain the same wording to be used on the stuffer notice described above.

Unless further notified by the Department of Health Services, county staff should be instructed to automatically transfer to four month continuing all other individuals who will in future months be discontinued from AFDC due to the disallowance of the \$30 and one-third. These individuals are to be issued the same stuffer notice described above.

If an individual who is now entitled to four month continuing coverage due to the preliminary injunction has already been determined eligible for Medi-Cal only, the following actions must be taken:

1. Determined Eligible for Medi-Cal Only -- No Share of Cost
  - a. For upcoming month change Aid Code 34 to Aid Code 39.
  - b. Issue Notice of Action containing stuffer notice wording described above. (The four month continuing coverage period begins the month immediately following AFDC discontinuance even if Aid Code 34 Medi-Cal cards were issued during this period.)

## 2. Determined Eligible for Medi-Cal Only — Share of Cost

- a. Send Notice of Action to the beneficiary which contains the same wording as the stuffer notice described above. Include the following additional wording on the notice.

"Due to your eligibility for no share-of-cost Medi-Cal, you will not be required to meet a share of cost before receiving a Medi-Cal card. Please contact your eligibility worker regarding any medical expenses you have already listed on the Record of Health Care Cost (form MC 177) so that an adjustment can be made."

- b. Transfer case to four month continuing category effective the month following discontinuance from AFDC.
- c. Cause the issuance of Aid Code 39 Medi-Cal cards beginning with the first month following AFDC discontinuance.

For affected individuals who have requested Medi-Cal only (or are pending intraprogram transfers) following discontinuance from AFDC due to the \$30 and one-third and the eligibility determination is still pending, counties should deny these requests due to the family's automatic eligibility for four month continuing. Counties will be required, however, to process these cases in accordance with instructions below regarding Continuing Medi-Cal Eligibility.

California Administrative Code (CAC), Title 22, Section 50243 (d), explains that eligibility for four month continuing coverage continues for four months provided that one family member continues to be employed and other conditions of eligibility are met. This means that the family's eligibility in this category must be monitored and reevaluated should a change in circumstances occur. Status reports are not mandated pursuant to CAC, Title 22, Section 50191. However, four month continuing eligibles are required to report changes and cooperate with the county in supplying information necessary to make a correct eligibility determination.

Continuing Medi-Cal Eligibility

The preliminary injunction, as explained above, also provides for uninterrupted Medi-Cal coverage with no share of cost for families discontinued from AFDC until a reevaluation of the family's eligibility or ineligibility for Medi-Cal only is completed and a timely and adequate notice is issued. This provision applies to all persons discontinued from AFDC effective April 30, 1982 and forward for any reason other than \$30 and one-third. Additionally, families now eligible for four month continuing must also be granted continuing coverage following the discontinuance of four month continuing unless a reevaluation is completed prior to the end of the fourth month and in sufficient time to allow for a ten-day notice discontinuing the no cost Medi-Cal if the Medi-Cal-only eligibility determination adversely impacts the family.

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Counties are to begin identifying all individuals discontinued from AFDC effective April 30 and take the following actions:

1. For individuals who were evaluated for Medi-Cal only and the eligibility determination was completed by April 20 (meaning the Notice of Action was sent on or before April 20), take no further action, regardless of the outcome of the eligibility determination (i.e., family found ineligible, or eligible with or without a share of cost).
2. For individuals who were evaluated for Medi-Cal only, found eligible with no share of cost effective May 1 but the eligibility determination was completed after April 20, take no further action.
3. For individuals who were evaluated for Medi-Cal only and the eligibility determination was completed after April 20 and the family was assigned a share of cost effective May 1, send a Notice of Action no later than May 10, 1982 which contains the following wording:

"Due to the preliminary injunction issued in the Edwards v. Myers lawsuit, you are entitled to continuing no share-of-cost Medi-Cal for May. This means that you will not have to meet your share of cost in order to receive Medi-Cal coverage in May. This special coverage will be discontinued May 31, 1982.

"If you have already listed medical expenses on the Record of Health Care Costs (form MC 177) for May, please contact your eligibility worker so that an adjustment can be made."

The new share-of-cost period for these individuals would be June, July, and August. A Notice of Action (MC 239B) approving eligibility for Medi-Cal only and a Record of Health Care Costs for the June-August quarter must be mailed to the beneficiary no later than May 20.

A new MC 176 will have to be completed. However, the income used to determine the May-July share of cost may be used to compute the June-August share of cost unless the county is aware of anticipated changes in income in this new period.

4. For all other persons whose eligibility for Medi-Cal only effective May 1, 1982 has not been determined, counties must restore no share-of-cost Medi-Cal coverage to these individuals no later than May 10, 1982.

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A Notice of Action must be sent which contains the following wording:

"Due to a preliminary injunction issued in the Edwards v. Myers lawsuit, you are entitled to continue to receive no share-of-cost Medi-Cal coverage following your discontinuance from AFDC until your eligibility for Medi-Cal only can be determined.

"If you are interested in having your eligibility for Medi-Cal only determined, you must complete the enclosed application and Statement of Facts and return both of these forms to the county within 20 days of the date of this notice. If you need assistance in completing the forms, please call

\_\_\_\_\_.  
telephone number

If the beneficiary does not return the application and Statement of Facts by the 20th day, a 10-day notice of action is to be sent discontinuing the continuing no share-of-cost Medi-Cal.

If the forms are returned by the 20th day, the beneficiary's eligibility for Medi-Cal only should be immediately determined. A face-to-face interview is optional. If the beneficiary is found ineligible for Medi-Cal only or eligible with a share of cost, the continuing no share-of-cost Medi-Cal coverage cannot be discontinued until a ten-day Notice of Action can be sent. In share-of-cost situations, Medi-Cal-only coverage will begin the month following the month in which the continuing no share-of-cost coverage is discontinued.

For persons discontinued from AFDC in future months, counties must continue no share-of-cost Medi-Cal following discontinuance of AFDC cash-based Medi-Cal until an evaluation of Medi-Cal-only eligibility can be made, with the following exception:

If the Medi-Cal-only eligibility determination can be completed at the same time the AFDC determination of ineligibility is made and appropriate notice can be issued regarding eligibility or ineligibility for Medi-Cal, counties are not required to continued Medi-Cal benefits under the new continuing Medi-Cal category. For example, if AFDC is being discontinued due to loss of contact, Medi-Cal benefits may also be discontinued at the same time, as the family is also required to report a change of address as a condition of Medi-Cal eligibility. The Notice of Action used to discontinue AFDC must also state that Medi-Cal benefits (not just cash-based Medi-Cal) are also being terminated. The applicable Title 22 section authorizing the Medi-Cal discontinuance must also be on the notice.

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If it is not possible to immediately make a determination of eligibility or ineligibility for Medi-Cal only and send adequate (and timely when appropriate) notice as described under the exception above, the family must be sent an application form and Statement of Facts and allowed 20 days to return the forms. Zero share-of-cost benefits must continue until the Medi-Cal-only determination is completed and, when appropriate, a ten-day notice can be issued discontinuing the continuing benefits. If the Medi-Cal-only determination does not adversely affect the family's entitlement to Medi-Cal (determined eligible with no share of cost), a Notice of Action discontinuing the continuing coverage must be sent in sufficient time to reach the beneficiary by the effective date of discontinuance.

Continuing benefits must also be extended to persons being discontinued from four month continuing if a determination of eligibility for Medi-Cal only has not been completed prior to the termination of four month continuing coverage.

#### Aid Code for Continuing Medi-Cal Eligibility

All persons eligible for continuing Medi-Cal eligibility following discontinuance from AFDC are to be assigned Aid Code 38. This will allow for a tracking system for administrative purposes and to evaluate the impact of the preliminary injunction on the Medi-Cal program.

We are aware that counties are still in the process of changing Aid Code 38 children to a medically needy aid code category pursuant to instructions in All County Welfare Directors Letter No. 82-12. We request that these changes be made as quickly as possible rather than waiting for the next redetermination.

#### Right to a State Hearing

All notices issued to individuals impacted by the preliminary injunction must inform the individual of his/her right to a state hearing and aid paid pending.

#### Flagging Cases

All cases impacted by the preliminary injunction must be flagged and kept readily accessible. Please use a different flagging system for the \$30 and one-third groups as opposed to the continuing Medi-Cal eligible group.

Thank you for your continuing assistance and cooperation in complying with the preliminary injunction. We will keep you informed of any changes which may occur.

All County Welfare Directors

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Please contact your Medi-Cal program consultant at (916) 445-1912 if you have any questions.

Sincerely,

Original signed by

Madalyn M. Martinez, Chief  
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants